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JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

PARKLANE INTERNATIONAL  
CORPORATION  
1985 Queens Avenue  
Vancouver, British Columbia  
Canada V7V2X8

Respondents.

DECISION NO. 68872

On April 5, 2004, the Securities Division (“Division”) of the Arizona Corporation Commission (“Commission”) filed a Temporary Cease and Desist Order and Notice of Opportunity for Hearing (“Notice”) against Respondents Parklane International Corporation (“PIC”) and Syndicated Gold Depository S.A. (“SGD”), (collectively “Respondents”), alleging violations of the Arizona Securities Act (the “Act”). The Notice specified that Respondents would be afforded an opportunity for an administrative hearing upon written request filed with the Commission’s Docket Control within ten (10) days after receipt of the Notice, in accordance with A.A.C. Rule R14-4-306(B).

Service of process of the Notice as to PIC was completed on August 6, 2004. PIC failed to request an administrative hearing within 10 days after receipt of the Notice, pursuant to A.R.S. § 44-

1 1972 and A.A.C. Rule R14-4-306. The Division filed an Affidavit of Service against PIC on  
2 December 28, 2004. PIC failed to file an Answer within 30 days of service of the Notice, pursuant to  
3 A.A.C. Rule 14-4-305.

4 **I.**

5 **FINDINGS OF FACT**

6 1. PIC has, directly or indirectly, offered securities for sale, in or from the state of  
7 Arizona, in the form of investment contracts.

8  
9 2. PIC has solicited investors to invest their money into an investment program  
10 operated by SGD. PIC alleged that SGD would pay investors a return of 19.5% on their  
11 investment. PIC claimed that SGD will use the money it raised from investors to loan to a mining  
12 company for that company to use as capital. SGD would then pay investors their returns from the  
13 profits it earned from the mining company.

14  
15 3. PIC informed investors that SGD had entered into an agreement with Merendon De  
16 Honduras, S.A. de C.V. ("Merendon") and Merendon Mining Corp. Ltd. of Canada ("Merendon-  
17 Canada) to provide capital. Merendon is alleged to be a wholly own subsidiary of Merendon-  
18 Canada. This capital was to be used to purchase gold and silver by Merendon. According to PIC,  
19 Merendon owned a gold and metal refinery in Tegucigalpa, Honduras. PIC claimed that the  
20 Merendon refinery refined gold and silver from Central, North and South America. Although  
21 PIC's literature stated that there are no mining risks as Merendon processes other producers' gold,  
22 in telephone conversations PIC told an investor that Merendon owned its own mine in Honduras.

23  
24 4. PIC's sales literature provided to prospective investors stated that all funds SGD  
25 placed into Merendon would be secured by a collateral bond covering all assets of Merendon, with  
26 SGD passing on this security to the investor. However, PIC failed to provide investors with any

1 financial statements in order to determine the risk of their investment or the amount of collateral of  
2 Merendon that would allegedly secure their investment. Investors are told that they will have no  
3 participation in the operation or management of SGD or Merendon.

4 5. PIC stated that the SGD program has been running successfully since 1999. PIC  
5 claimed that SGD would pay investors 1.5% per month, or 19.5% compounded monthly. PIC's  
6 sales literature stated that after 25 years of compounding, a \$100,000 investment will be worth  
7 \$8,700,000, with monthly income of \$130,000. PIC informed investors that SGD could afford to  
8 pay such returns as Merendon's profit margins are 10% per each ounce that is refined.  
9

10 6. On December 24, 2003, the Pennsylvania Securities Commission issued a summary  
11 order to cease and desist against PIC and SGD for violations of the Pennsylvania Securities Act.  
12 PICs did not inform Arizona investors solicited after December 24, 2003 of that order.

13 7. Respondents began offering their investment program in Arizona at least since  
14 2003. Since that time, at least two Arizona residents have been offered the investment program.  
15 One Arizona investor has invested \$150,000 with Respondents.  
16

## 17 II.

### 18 CONCLUSIONS OF LAW

19 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
20 Arizona Constitution and the Securities Act.

21 2. PIC offered or sold securities within or from Arizona, within the meaning of A.R.S.  
22 §§ 44-1801(15), 44-1801(21), and 44-1801(26).

23 3. PIC violated A.R.S. § 44-1841 by offering or selling securities that were neither  
24 registered nor exempt from registration.  
25  
26

4. PIC violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

5. PIC violated A.R.S. § 44-1991 by (a) employing a device, scheme or artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

6. PIC's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. PIC's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

### III.

## ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that PIC, and any of PIC's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act. PIC shall not sell any securities in or from Arizona without being registered in Arizona as dealers or salesmen, or exempt from such registration. PIC shall not sell securities in or from Arizona unless the securities are registered in Arizona or exempt from registration.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that PIC shall pay an administrative penalty in the amount of \$20,000. Payment shall be made in full on the date of this Order to the “State of Arizona. Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full. The payment obligations for these administrative penalties shall be subordinate to any restitution obligations ordered herein and shall become immediately due and payable only after restitution payments have been paid in full or upon PIC’s default with respect of PIC’s restitution obligations.

For purposes of this Order, a bankruptcy filing by PIC shall be an act of default. If PIC does not comply with this Order, any outstanding balance may be deemed in default and shall be immediately due and payable.

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1 IT IS FURTHER ORDERED, that if PIC fails to comply with this order, the Commission  
2 may bring further legal proceedings against that PIC, including application to the superior court for  
3 an order of contempt.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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7  
8 CHAIRMAN

/s/ William A. Mundell

COMMISSIONER

9  
10 /s/ Lowell S. Gleason

COMMISSIONER

/s/ Kristen K. Mayes

COMMISSIONER

COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
13 Executive Director of the Arizona Corporation  
14 Commission, have hereunto set my hand and caused the  
15 official seal of the Commission to be affixed at the  
16 Capitol, in the City of Phoenix, this 7th day of  
17 August, 2006.

18 /s/ Brian C. McNeil

BRIAN C. McNEIL

Executive Director

19  
20  
21 DISSENT

22  
23 DISSENT

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
25 to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

26 (md)